



**DEFENSE SECURITY COOPERATION AGENCY:
THE CHANGING ENVIRONMENT AND FMS RE-
ENGINEERING**

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DEPUTY DIRECTOR,
DSCA
1 FEBRUARY 1999**

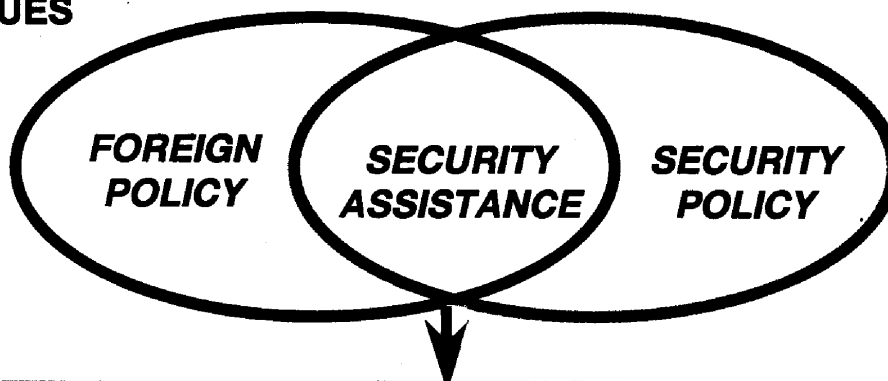


SECURITY COOPERATION: A KEY POLICY TOOL FOR THE 21st CENTURY



- **BUILD INSTITUTIONS TO
KEEP AMERICANS SAFE AND
THE WORLD PEACEFUL**
- **SUSTAIN OUR PROSPERITY
AND EXPAND GLOBAL
ECONOMY**
- **PROMOTE AMERICAN
PRINCIPLES & VALUES**

- **TO ENHANCE OUR SECURITY
WITH MILITARY FORCES THAT
ARE READY TO FIGHT**
- **TO BOLSTER AMERICA'S
ECONOMIC REVITALIZATION**
- **TO PROMOTE DEMOCRACY
ABROAD**



- **COALITION BUILDING**
- **FORWARD PRESENCE**
- **INTEROPERABILITY**
- **REGIONAL STABILITY**
- **CRISIS MANAGEMENT**
- **THEATER DETERRENCE**



MILITARY ASSISTANCE PROGRAM



-
- **FMS SALES = \$8.6B & FMS DELIVERIES = \$13.9B IN FY98**
 - **SALES TO 137 COUNTRIES AND INT'L ORGANIZATIONS**
 - **PIPELINE OF \$70B IN PRIOR YEAR SALES**
 - **OVER \$3B IN GRANT ASSISTANCE IN FY97 - FY99**
 - **IMET PROGRAMS OF \$50M WITH 118 COUNTRIES IN FY99**
 - **DSCA OVERSEES 15,000+ FMS CASES WORTH \$222B**
 - **DSCA MANAGES \$370M IN FY99 ADMINISTRATIVE BUDGETS**
 - **SECURITY ASSISTANCE FY98 WORK-YEARS: 5,246**
 - **712 SAOs IN OVERSEAS SA ORGANIZATIONS**



FUNCTIONAL VIEW OF SECURITY ASSISTANCE COMMUNITY



5,246 WORK YEARS

FY 98

HEADQUARTERS
(135)

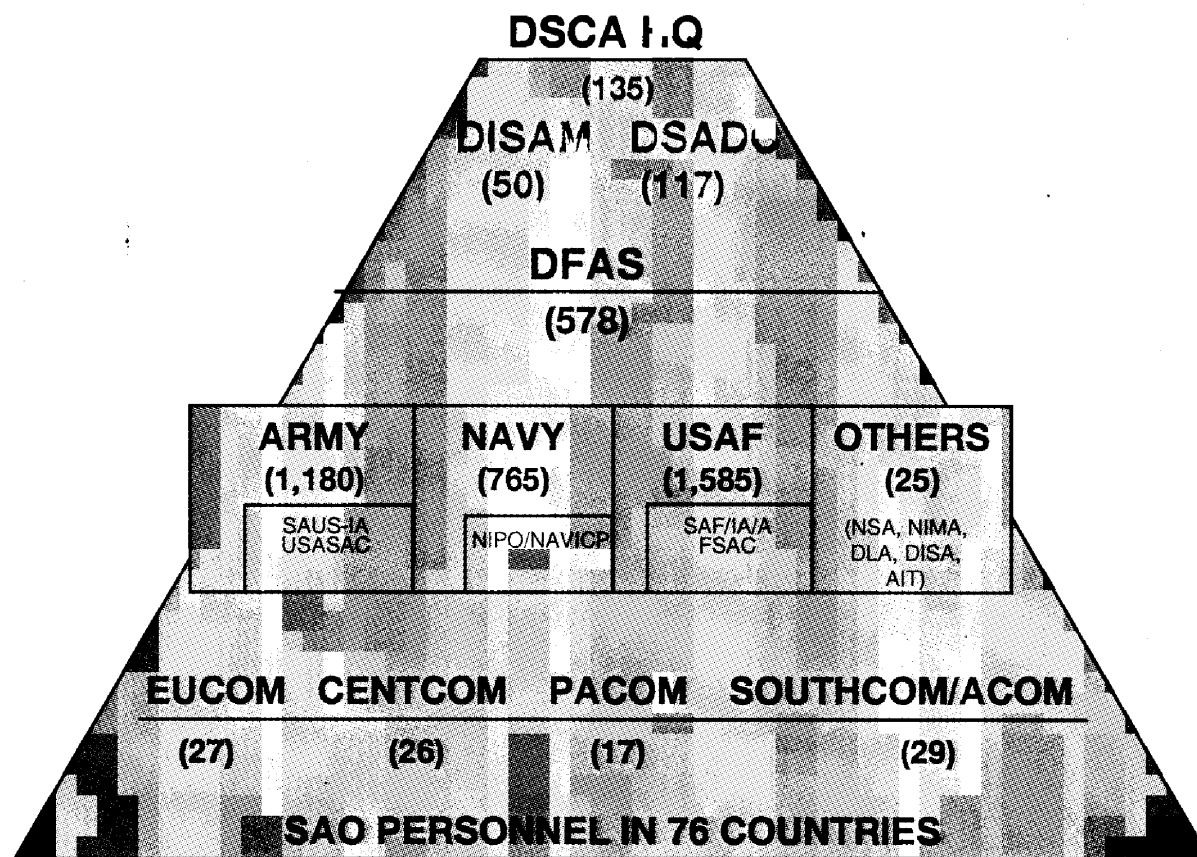
DSCA ACTIVITIES
(167)

FIELD AGENCIES
(578)

IMPLEMENTERS
(3,555)

**UNIFIED
COMMANDS**
(99)

SAO'S
(712)

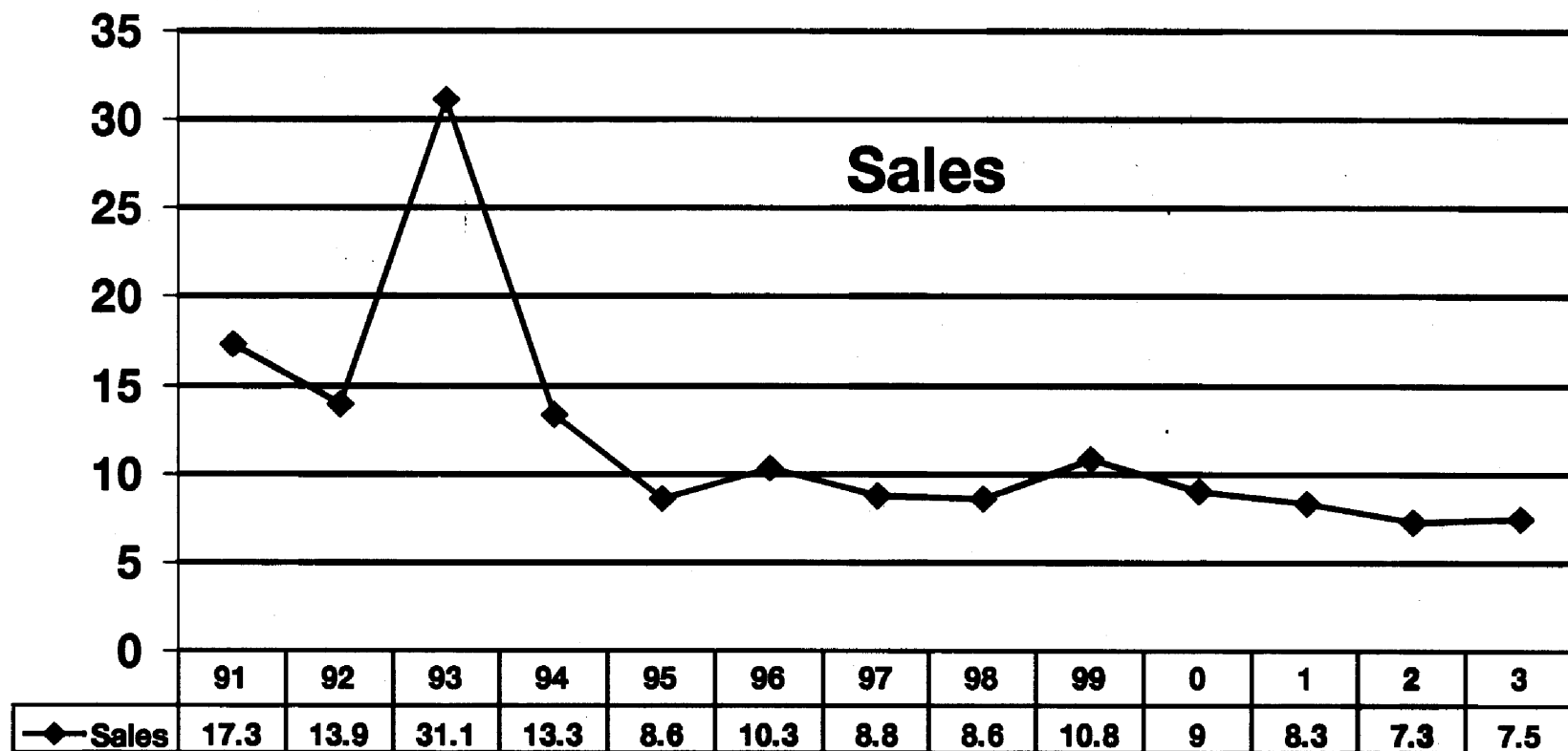


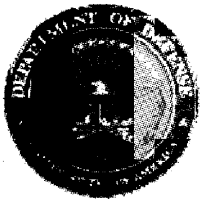


FOREIGN MILITARY SALES: WORLDWIDE SALES



\$ Billions

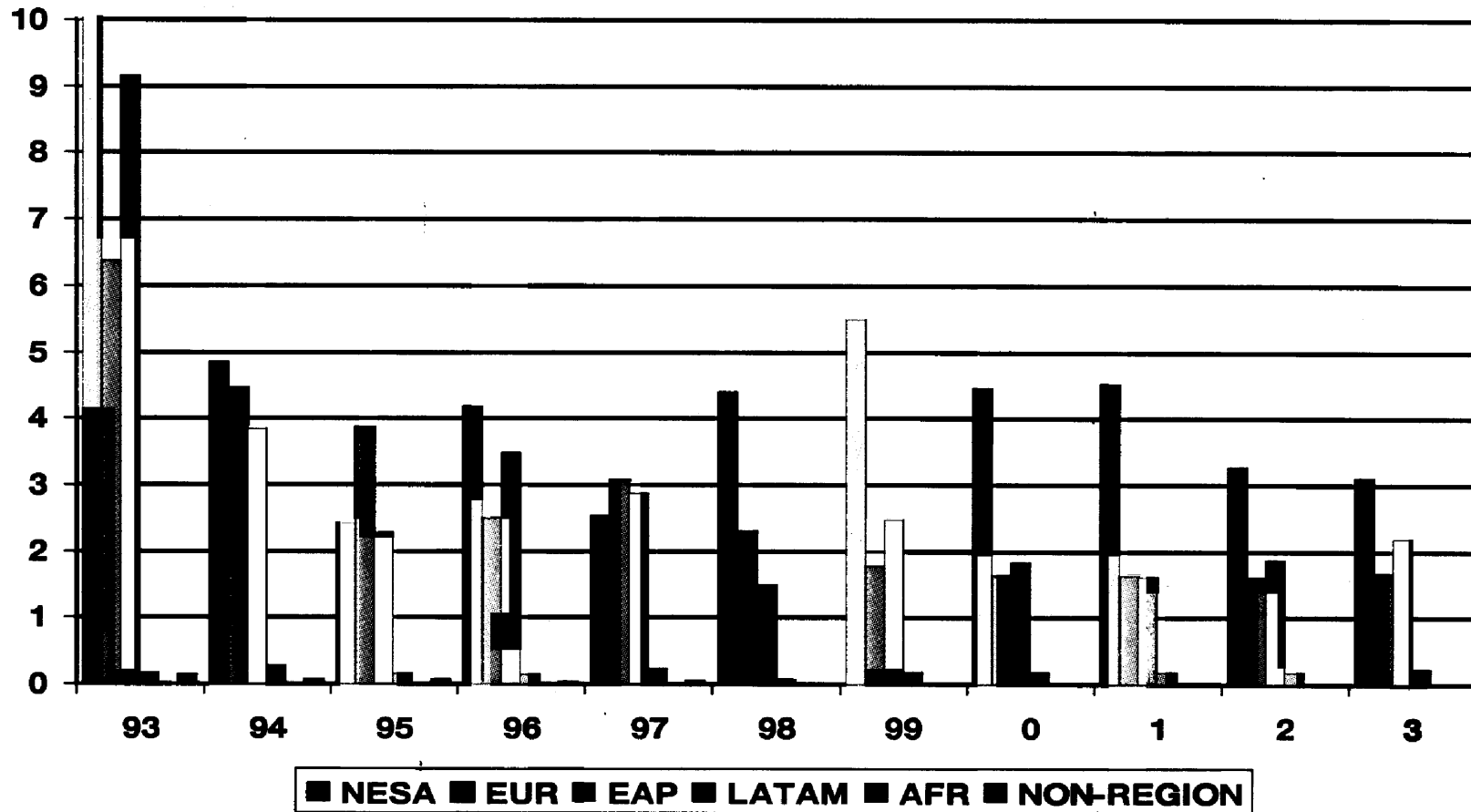




FOREIGN MILITARY SALES: *Regional Breakdown*



(in Billions)





U.S. GOVERNMENT TACTICAL WHEELED VEHICLE SALES



- **NOT REALLY ANY NEW SALES PENDING OR ON HORIZON**
 - **SOME MINOR SUSTAINMENT CASES FOR EXISTING FLEETS**
- **BULK OF SALES GO ON DIRECT COMMERCIAL BASIS (CUSTOMER PREFERENCE)**
- **VARIABLES AT WORK IN MARKETPLACE THAT WE CAN'T CONTROL**
 - **DESIRE OF CUSTOMERS TO GO INDIGENOUS WHENEVER POSSIBLE**
 - **MANY VIABLE PRODUCERS**



DSCA MAJOR EFFORTS



External

- RE-ENGINEER THE FMS PROCESS AND MEET CUSTOMER NEEDS
- MAINTAIN SECURITY ASSISTANCE TRUST FUND SOLVENCY
- MAINTAIN SOLVENCY OF CUSTOMER TRUST FUNDS
- ENSURE CONTINUED VIABILITY OF AGENCY

Internal

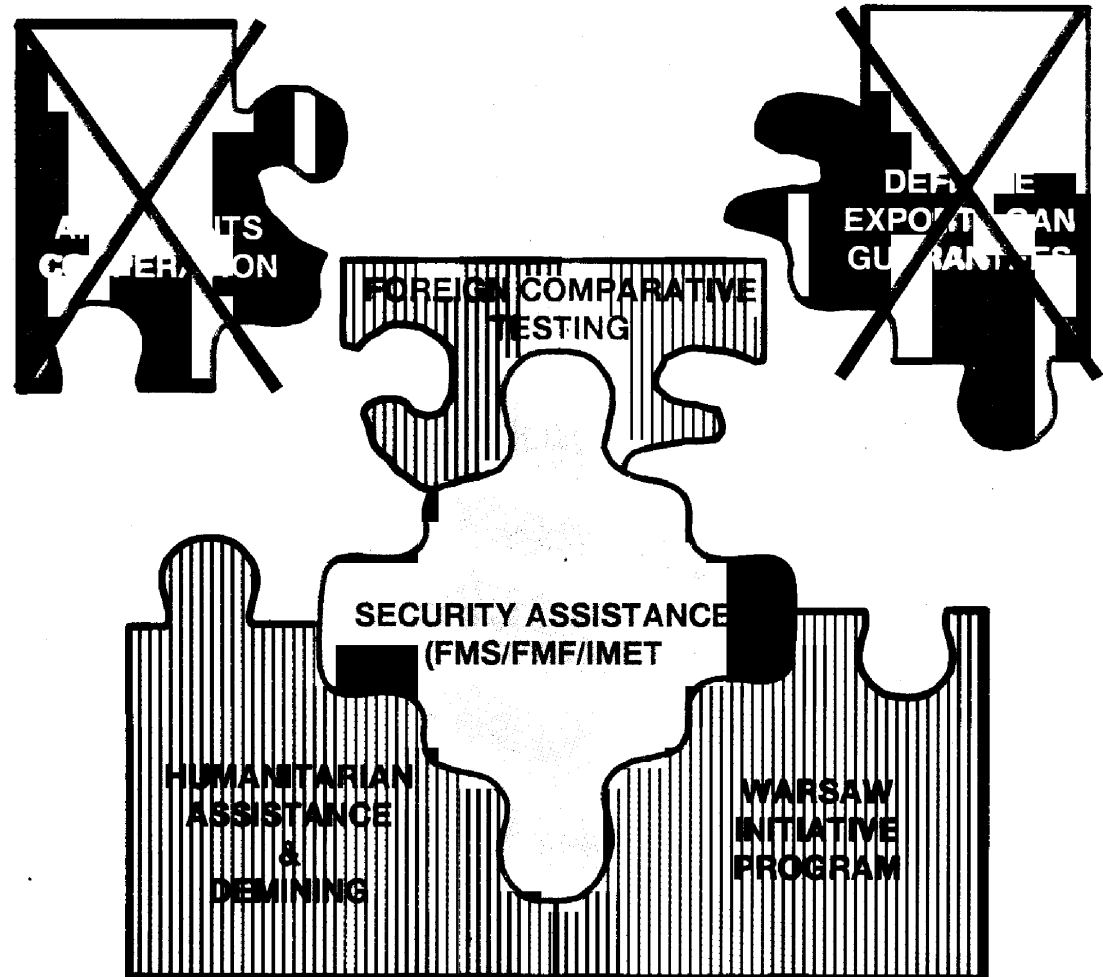
- IMPLEMENT AGENCY 5 YEAR STRATEGIC PLAN
- COMPLETE AGENCY'S BUSINESS PERFORMANCE PLAN FOR DEFENSE MANAGEMENT COUNCIL
- DEVELOP & FIELD DSAMS



FUNCTIONS ACQUIRED UNDER DEFENSE REFORM INITIATIVE

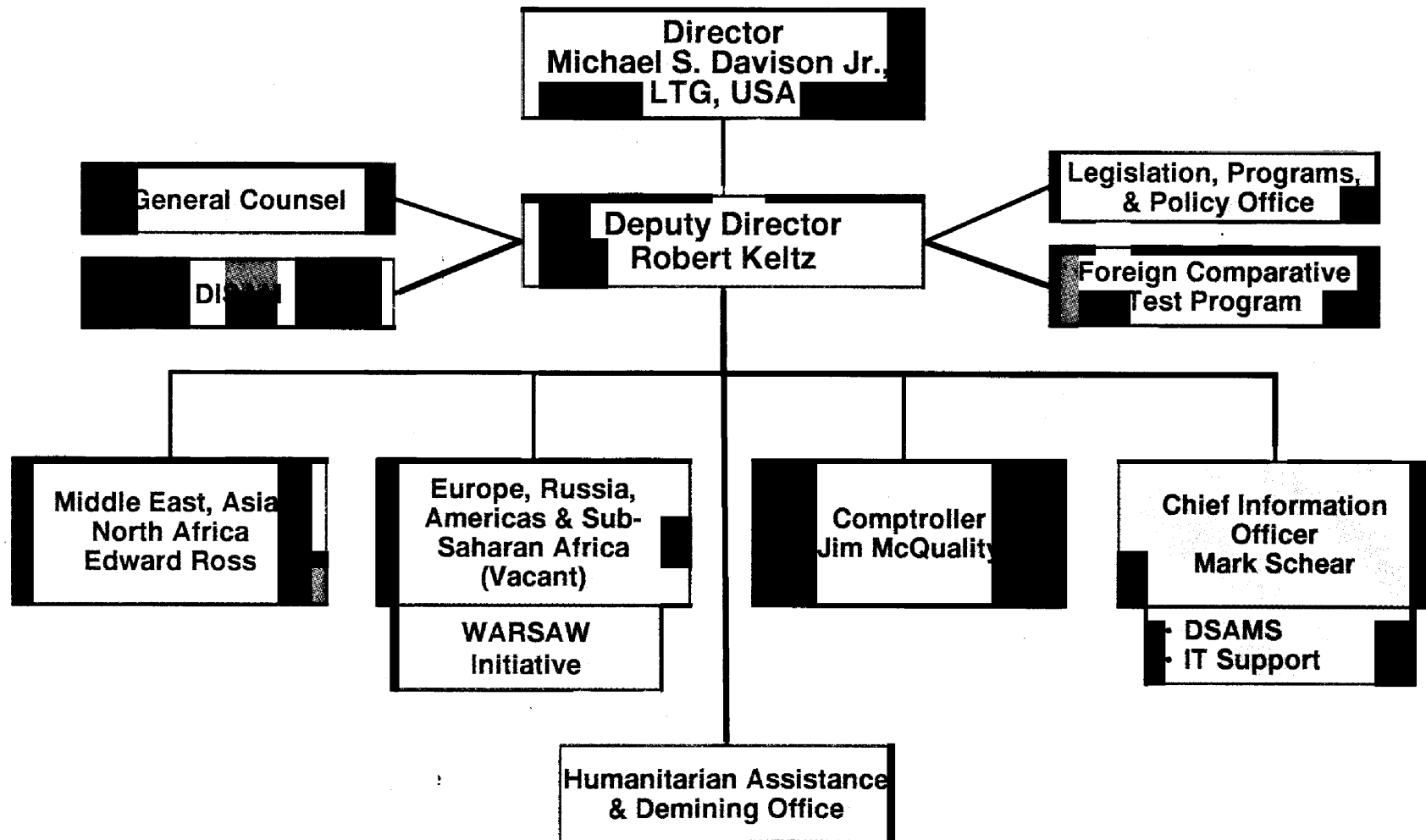


- **HA/D PROGRAMS
TRANSFERRED TO DSCA -
MARCH 1998**
- **WARSAW INITIATIVE (PFP)
PROGRAM MANAGEMENT
FUNCTIONS - AUG 98**
- **FOREIGN COMPARATIVE
TEST PROGRAM - AUG 98**
- **INTERNATIONAL
ARMAMENTS
COOPERATION/DEFENSE
EXPORT LOAN
GUARANTEE PROGRAM -
NOT COMING TO DSCA**





DEFENSE SECURITY COOPERATION AGENCY (DSCA)





AGENCY STRATEGIC PLANNING



- **RESPONDS TO THE GOVERNMENT PERFORMANCE AND RESULTS ACT**
- **DEPSECDEF DIRECTION REQUIRES PERFORMANCE CONTRACTS FOR ALL DEFENSE AGENCIES**
- **PLAN SETS SPECIFIC, MEASURABLE PERFORMANCE OBJECTIVES FOR DSCA**
 - **BASIS FOR PERFORMANCE CONTRACT BETWEEN DSCA DIRECTOR AND THE DEPSECDEF**
 - **WILL BE PART OF THE DSCA ANNUAL PROGRAM OBJECTIVE MEMORANDUM (POM) SUBMISSION**



RE-ENGINEERING THE FMS SYSTEM



WRAPPED
in **RED TAPE**

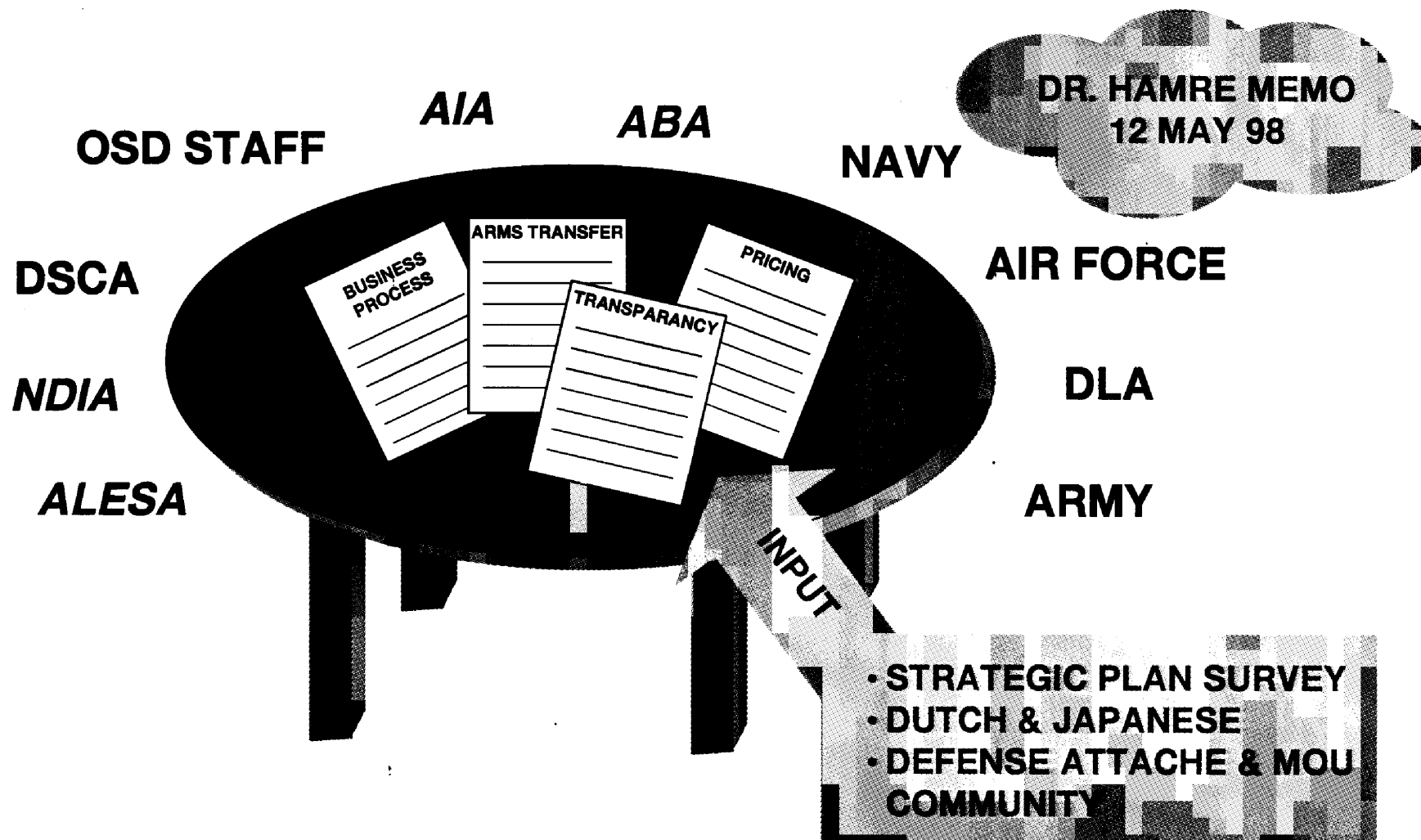


***Customers Abandon FMS;
Cite High Cost, Inflexibility***

- **FMS SYSTEM FACING CHALLENGES**
- **INDUSTRY WANTS MORE FROM FMS SYSTEM**
 - **RAPID POLICY DECISIONS**
 - **STRONGER ADVOCACY**
 - **MORE SUPPORT FOR SALES EFFORTS**
- **MAJOR CUSTOMERS WANT:**
 - **GREATER PARTICIPATION**
 - **SHORTER TIMELINES**
 - **FASTER RELEASE APPROVALS**
 - **FEWER SURCHARGES**



DEVELOPING A CONSENSUS FOR CHANGE





NEEDED ACTIONS



TRANSPARENCY*

(9 & 23 NOV)

- RELATIONSHIP WITH INDUSTRY
- LOA PREPARATION
- CONTRACT PREPARATION

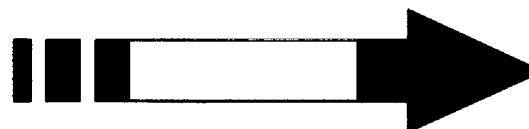


- RELATIONSHIP WITH INDUSTRY POLICY MEMO*
- *DSCA POLICY MEMO*
- *FOREIGN CONTRACTING POLICY MEMO*

PRICING, COST RECOVERY*

(18 NOV & 9 DEC)

- NTE/FFP LOAs
- ADJUST FMS SURCHARGES
- USG COST RECOVERY
- ALTERNATIVES TO DFAS/DCMC



- *LEGISLATIVE CHANGE*
- *ACTIVITY BASED COSTING ANALYSIS*
- *LEGISLATIVE CHANGE*
- *POSSIBLE OUTSOURCING*

* Presented to DPACT 26 Jan 99



NEEDED ACTIONS



TECH TRANSFER

(30 NOV & 14 DEC)

- ARMS TRANSFER
POLICY REVIEW
GROUP
- IMPROVE BUREAUCRATIC
PROCESS
- FOREIGN DISCLOSURE



- ATPRG POLICY MEMO
(18 DEC 98)*
- POSSIBLE ITAR
REVISIONS
- ASSESSMENT OF
INFORMATION RELEASE
CRITERIA
- USDP/POLICY ON ACCESS

METRICS/PROCESS RE-ENGINEERING

(18 DEC)

- DEVELOP PERFORMANCE
MEASURES
- RE-ENGINEER ENTIRE
SECURITY COOPERATION
PROCESS



- METRICS EFFORT BEGUN
(OCT 98)
- CONTRACTOR SUPPORT
IMPLEMENTED

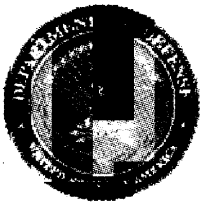
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CURRENT ACTIVITIES



- **8 JAN - FINAL COORDINATION WITH INDUSTRY ON 1ST TWO WHITE PAPERS**
- **11 JAN - DPACT COORDINATION**
- **26 JAN - DPACT**
- **8 FEB - MEET WITH MILDEPS TO COORDINATE RE-INVENTION EFFORTS**



COMPLETING REMAINING GROUNDWORK



TWO WHITE PAPERS TO BE FINISHED

- **ARMS TRANSFER & TECHNOLOGY/DATA RELEASE**
 - **DSCA AND DUSD(PS) COOPERATIVELY REWRITE PAPER**
 - **VET PAPERS THROUGH DoD COMMUNITY AND INDUSTRY**
 - **TARGET COMPLETION DATE 15 MARCH**
- **METRICS & PROCESS RE-ENGINEERING**
 - **PAPER BEING CO-DEVELOPED WITH MILDEPS AND DLA**
 - **TARGET COMPLETION DATE 29 MARCH**



THE FUTURE



-
- **SECURITY COOPERATION REFLECTS ON USG AND DEMONSTRATES COMMITMENT TO SECURITY NEEDS OF OUR FRIENDS AND ALLIES**
 - **SECURITY COOPERATION WILL CONTINUE TO BE AN IMPORTANT TOOL FOR POLICY MAKERS**
 - **WE CAN EXPECT:**
 - **CONTINUED SCRUTINY OF FOREIGN AID REQUESTS**
 - **CONTINUED PRESSURE TO REDUCE MANPOWER RESOURCES**
 - **INCREASED COMPETITIVE MARKET FOR SMALLER DEFENSE BUDGETS**



AGENCY VISION



**TO BE THE PREMIER AGENCY RECOGNIZED AND RESPECTED
FOR LEADERSHIP, EXPERTISE, INNOVATION, AND RESULTS IN
SECURITY COOPERATION...**

- **A HIGHLY QUALIFIED TEAM OF MOTIVATED PROFESSIONALS**
 - **VITAL TO SUPPORTING US INTERESTS AND SECURITY
RELATIONSHIP**
 - **THE INTERNATIONAL PARTNER OF CHOICE**
- ...MASTERING THE CHALLENGES OF A CHANGING GLOBAL
ENVIRONMENT.**

Decisive

Supportive

Committed

Accessible